SENATE AMENDMENTS

2nd Printing

By: Keffer, Lucio III H.B. No. 200

A BILL TO BE ENTITLED

| 1 | AN ACT |
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| 2 | relating to the regulation of groundwater. |
| 3 | BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS: |
| 4 | SECTION 1. Section 36.0015, Water Code, is amended to read |
| 5 | as follows: |
| 6 | Sec. 36.0015. PURPOSE. (a) In this section, "best |
| 7 | available science" means conclusions that are logically and |
| 8 | reasonably derived using statistical or quantitative data, |
| 9 | techniques, analyses, and studies that are publicly available to |
| 10 | reviewing scientists and can be employed to address a specific |
| 11 | scientific question. |
| 12 | (b) In order to provide for the conservation, preservation, |
| 13 | protection, recharging, and prevention of waste of groundwater, and |
| 14 | of groundwater reservoirs or their subdivisions, and to control |
| 15 | subsidence caused by withdrawal of water from those groundwater |
| 16 | reservoirs or their subdivisions, consistent with the objectives of |
| 17 | Section 59, Article XVI, Texas Constitution, groundwater |
| 18 | conservation districts may be created as provided by this chapter. |
| 19 | Groundwater conservation districts created as provided by this |
| 20 | chapter are the state's preferred method of groundwater management |
| 21 | in order to protect property rights, balance the development and |
| 22 | conservation of groundwater to meet the needs of this state, and use |
| 23 | the best available science in the development and conservation of |
| 24 | groundwater through rules developed, adopted, and promulgated by a |

H.B. No. 200

- 1 district in accordance with the provisions of this chapter.
- 2 SECTION 2. Section 36.066, Water Code, is amended by
- 3 amending Subsection (g) and adding Subsection (h) to read as
- 4 follows:
- 5 (g) If the district prevails in any suit other than a suit in
- 6 which it voluntarily intervenes, the district may seek and the
- 7 court shall grant, in the interests of justice and as provided by
- 8 Subsection (h), in the same action, recovery for attorney's fees,
- 9 costs for expert witnesses, and other costs incurred by the
- 10 district before the court. The amount of the attorney's fees shall
- 11 be fixed by the court.
- (h) If the district prevails on some, but not all, of the
- 13 <u>issues in the suit, the court may award attorney's fees and costs</u>
- 14 only for those issues on which the district prevails. The district
- 15 has the burden of segregating the attorney's fees and costs in order
- 16 for the court to make an award.
- SECTION 3. Section 36.108(d-1), Water Code, is amended to
- 18 read as follows:
- 19 (d-1) After considering and documenting the factors
- 20 described by Subsection (d) and other relevant scientific and
- 21 <u>hydrogeological data, the</u> [The] districts may establish different
- 22 desired future conditions for:
- 23 (1) each aquifer, subdivision of an aquifer, or
- 24 geologic strata located in whole or in part within the boundaries of
- 25 the management area; or
- 26 (2) each geographic area overlying an aquifer in whole
- 27 or in part or subdivision of an aquifer within the boundaries of the

- 1 management area.
- 2 SECTION 4. Section 36.1083, Water Code, is amended by
- 3 amending Subsections (a) and (b) and adding Subsections (e) through
- 4 (r) to read as follows:
- 5 (a) In this section:
- 6 (1) "Affected person" has the meaning assigned by
- 7 <u>Section 36.1082.</u>
- 8 (2) "Development [, "development] board" means the
- 9 Texas Water Development Board.
- 10 (3) "Office" means the State Office of Administrative
- 11 Hearings.
- 12 (b) Not later than the 120th day after the date on which a
- 13 <u>district adopts a desired future condition under Section</u>
- 14 36.108(d-4), an affected [A] person [with a legally defined]
- 15 interest in the groundwater in the management area, a district in or
- 16 adjacent to the management area, or a regional water planning group
- 17 for a region in the management area] may file a petition with the
- 18 district requiring that the district contract with the office to
- 19 conduct a hearing [development board] appealing the reasonableness
- 20 [approval] of the desired future condition [conditions of the
- 21 groundwater resources established under this section]. The
- 22 petition must provide evidence that the districts did not establish
- 23 a reasonable desired future condition of the groundwater resources
- 24 in the management area.
- (e) Not later than the 10th day after receiving a petition
- 26 <u>described by Subsection (b)</u>, the district shall submit a copy of the
- 27 petition to the development board. On receipt of the petition, the

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   development board shall conduct:
2
               (1) an administrative review to determine whether the
 3
   desired future condition established by the district meets the
   criteria in Section 36.108(d); and
4
5
               (2) a study containing scientific and technical
   analysis of the desired future condition, including consideration
6
7
   of:
8
                    (A) the hydrogeology of the aquifer; and
                    (B) any relevant:
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10
                         (i) groundwater availability models;
                         (i<u>i) published studies;</u>
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12
                         (iii) estimates of total recoverable
13
   storage capacity;
14
                         (iv) average annual amounts of recharge,
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   inflows, and discharge of groundwater; or
                         (v) information provided in the petition or
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   available to the development board.
          (f) The development board must complete and deliver to the
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19
   office a study described by Subsection (e)(2) not later than the
   120th day after the date the development board receives a copy of
20
   the petition.
21
22
          (g) For the purposes of a hearing conducted under Subsection
   (b):
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24
               (1) the office shall consider the study described by
   Subsection (e)(2) to be part of the administrative record; and
25
26
               (2) the development board shall make available
   relevant staff as expert witnesses if requested by the office or a
27
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| 1 | party to the hearing. | | |
|----|---|--|--|
| 2 | (h) Not later than the 60th day after receiving a petition | | |
| 3 | under Subsection (b), the district shall: | | |
| 4 | (1) contract with the office to conduct the contested | | |
| 5 | case hearing requested under Subsection (b); and | | |
| 6 | (2) submit to the office a copy of any petitions | | |
| 7 | related to the hearing requested under Subsection (b) and received | | |
| 8 | B by the district. | | |
| 9 | (i) A hearing under Subsection (b) must be held: | | |
| 10 | (1) at a location described by Section 36.403(c); and | | |
| 11 | (2) in accordance with Chapter 2001, Government Code, | | |
| 12 | and the rules of the office. | | |
| 13 | (j) During the period between the filing of the petition and | | |
| 14 | the delivery of the study described by Subsection (e)(2), the | | |
| 15 | district may seek the assistance of the Center for Public Policy | | |
| 16 | 6 Dispute Resolution, the development board, or another alternative | | |
| 17 | dispute resolution system to mediate the issues raised in the | | |
| 18 | petition. If the district and the petitioner cannot resolve the | | |
| 19 | issues raised in the petition, the office will proceed with a | | |
| 20 | hearing as described by this section. | | |
| 21 | (k) The district may adopt rules for notice and hearings | | |
| 22 | conducted under this section that are consistent with the | | |
| 23 | procedural rules of the office. In accordance with rules adopted by | | |
| 24 | the district and the office, the district shall provide: | | |
| 25 | (1) general notice of the hearing; and | | |
| 26 | (2) individual notice of the hearing to: | | |

(A) the petitioner;

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| 1 | (B) any other party to the hearing; |
|----|---|
| 2 | (C) each nonparty district and regional water |
| 3 | planning group located in the same management area as a district |
| 4 | <pre>named in the petition;</pre> |
| 5 | (D) the development board; and |
| 6 | (E) the commission. |
| 7 | (1) Before a hearing conducted under this section, the |
| 8 | office shall hold a prehearing conference to determine preliminary |
| 9 | <pre>matters, including:</pre> |
| 10 | (1) whether the petition should be dismissed for |
| 11 | failure to state a claim on which relief can be granted; |
| 12 | (2) whether a person seeking to participate in the |
| 13 | hearing is an affected person who is eligible to participate; and |
| 14 | (3) which affected persons shall be named as parties |
| 15 | to the hearing. |
| 16 | (m) The petitioner shall pay the costs associated with the |
| 17 | contract for the hearing under this section. The petitioner shall |
| 18 | deposit with the district an amount sufficient to pay the contract |
| 19 | amount before the hearing begins. After the hearing, the office may |
| 20 | assess costs to one or more of the parties participating in the |
| 21 | hearing and the district shall refund any excess money to the |
| 22 | petitioner. The office shall consider the following in |
| 23 | apportioning costs of the hearing: |
| 24 | (1) the party who requested the hearing; |
| 25 | (2) the party who prevailed in the hearing; |
| 26 | (3) the financial ability of the party to pay the |
| 27 | costs; |
| | |

- 1 (4) the extent to which the party participated in the
- 2 hearing; and
- 3 (5) any other factor relevant to a just and reasonable
- 4 assessment of costs.
- 5 (n) On receipt of the administrative law judge's findings of
- 6 fact and conclusions of law in a proposal for decision, including a
- 7 dismissal of a petition, the district shall issue a final order
- 8 stating the district's decision on the contested matter and the
- 9 district's findings of fact and conclusions of law. The district
- 10 may change a finding of fact or conclusion of law made by the
- 11 administrative law judge, or may vacate or modify an order issued by
- 12 the administrative law judge, as provided by Section 2001.058(e),
- 13 Government Code.
- 14 (o) If the district vacates or modifies the proposal for
- 15 decision, the district shall issue a report describing in detail
- 16 the district's reasons for disagreement with the administrative law
- 17 judge's findings of fact and conclusions of law. The report shall
- 18 provide the policy, scientific, and technical justifications for
- 19 the district's decision.
- 20 (p) If the district in its final order finds that a desired
- 21 <u>future condition is unreasonable, the districts in the same</u>
- 22 management area as the district that participated in the hearing
- 23 shall reconvene in a joint planning meeting not later than the 30th
- 24 day after the date of the final order for the purpose of revising
- 25 the desired future condition.
- 26 (q) A final order by the district finding that a desired
- 27 future condition is unreasonable does not invalidate the adoption

- 1 of a desired future condition by a district that did not participate
- 2 as a party in the hearing conducted under this section.
- 3 <u>(r) The administrative law judge may consolidate hearings</u>
- 4 requested under this section that affect two or more districts. The
- 5 administrative law judge shall prepare separate findings of fact
- 6 and conclusions of law for each district included as a party in a
- 7 multidistrict hearing.
- 8 SECTION 5. Subchapter D, Chapter 36, Water Code, is amended
- 9 by adding Section 36.10835 to read as follows:
- 10 Sec. 36.10835. JUDICIAL APPEAL OF DESIRED FUTURE
- 11 CONDITIONS. (a) A final district order issued under Section
- 12 36.1083 may be appealed to a district court with jurisdiction over
- 13 any part of the territory of the district that issued the order. An
- 14 appeal under this subsection must be filed with the district court
- 15 not later than the 45th day after the date the district issues the
- 16 final order. The case shall be decided under the substantial
- 17 evidence standard of review as provided by Section 2001.174,
- 18 Government Code. If the court finds that a desired future condition
- 19 is unreasonable, the court shall strike the desired future
- 20 condition and order the districts in the same management area as the
- 21 <u>district that did not participate as a party in the hearing to</u>
- 22 reconvene in a joint planning meeting not later than the 30th day
- 23 after the date of the court order for the purpose of revising the
- 24 desired future condition.
- 25 (b) A court's finding under this section does not apply to a
- 26 desired future condition that is not a matter before the court.
- SECTION 6. Sections 36.1083(c) and (d), Water Code, are

H.B. No. 200

1 repealed.

SECTION 7. Section 36.1083, Water Code, as amended by this
Act, and Section 36.10835, Water Code, as added by this Act, apply
only to a desired future condition adopted by a groundwater
conservation district on or after the effective date of this Act. A
desired future condition adopted before that date is governed by
the law in effect on the date the desired future condition was
adopted, and the former law is continued in effect for that purpose.

SECTION 8. This Act takes effect September 1, 2015.

ADOPTED

MAY 1 8 2015

FLOOR AMENDMENT NO.

Secretary of the Senate

BY:

BY: Chul Ferm

Amend H.B. No. 200 (senate committee report) as follows:

- (1) In SECTION 1 of the bill, in amended Section 36.0015(b), Water Code (page 1, line 37), strike "development" and substitute "conservation".
- (2) In SECTION 1 of the bill, in amended Section 36.0015(b), Water Code (page 1, line 38), strike "conservation" and substitute "development".
- (3) In SECTION 1 of the bill, in amended Section 36.0015(b), Water Code (page 1, line 39), strike "development and conservation" and substitute "conservation and development".
- (4) In SECTION 2 of the bill, in added Section 36.066(h), Water Code (page 1, line 53), strike "may" and substitute "shall".
- (5) In SECTION 4 of the bill, in added Section 36.1083(e)(2)(A), Water Code (page 2, line 41), strike "and".
- (6) In SECTION 4 of the bill, in added Section 36.1083(e)(2), Water Code (page 2, between lines 41 and 42), insert the following appropriately numbered paragraphs and renumber subsequent paragraphs of Subdivision (2) accordingly:
- () the explanatory report provided to the development board under 36.108(d-3);
- () the factors described under Section 36.108(d);
- (7) In SECTION 4 of the bill, in added Section 36.1083(g), Water Code (page 2, line 58), between "(e)(2)" and "to be", insert "and the desired future conditions explanatory report submitted to the development board under Section 36.108(d-3)".
 - (8) In SECTION 4 of the bill, in added Section

36.1083(k)(2)(B), Water Code (page 3, line 19), strike "other party to the hearing" and substitute "person who has requested notice".

- (9) In SECTION 4 of the bill, in amended Section 36.1083, Water Code (page 3, line 65, through page 4, line 1), strike added Subsection (p) and substitute the following:
- (p) If the district in its final order finds that a desired future condition is unreasonable, not later than the 60th day after the date of the final order, the districts in the same management area as the district that received the petition shall reconvene in a joint planning meeting for the purpose of revising the desired future condition. The districts in the management area shall follow the procedures in Section 36.108 to adopt new desired future conditions applicable to the district that received the petition.
- (10) In SECTION 5 of the bill, in added Section 36.10835, Water Code (page 4, lines 13-27), strike added Subsection (a) and substitute the following:
- (a) A final district order issued under Section 36.1083 may be appealed to a district court with jurisdiction over any part of the territory of the district that issued the order. An appeal under this subsection must be filed with the district court not later than the 45th day after the date the district issues the final order. The case shall be decided under the substantial evidence standard of review as provided by Section 2001.174, Government Code. If the court finds that a desired future condition is unreasonable, the court shall strike the desired future condition and order the districts in the same management area as the district that received the petition to reconvene not later than the 60th day after the date of the court order in a joint planning meeting for the purpose of revising the desired

future condition. The districts in the management area shall follow the procedures in Section 36.108 to adopt new desired future conditions applicable to the district that received the petition.

ADOPTED

MAY 1 8 2015 BY:

Ryn W.

FLOOR AMENDMENT NO. 2

Amend H.B. No. 200 (senate committee report) by adding the

- 2 following appropriately numbered SECTION to the bill and
- 3 renumbering subsequent SECTIONS of the bill accordingly:
- 4 SECTION __. Section 36.0151(f), Water Code, is amended to
- 5 read as follows:
- 6 (f) Before September 1, 2021[2015], the commission may not
- 7 create a groundwater conservation district under this section in
- 8 a county:
- 9 (1) in which the annual amount of surface water used
- 10 is more than 50 times the annual amount of groundwater produced;
- 11 (2) that is located in a priority groundwater
- 12 management area; and
- 13 (3) that has a population greater than 2.3 million.

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 20, 2015

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB200 by Keffer (Relating to the regulation of groundwater.), As Passed 2nd House

No significant fiscal implication to the State is anticipated.

The bill would amend various sections of Chapter 36 of the Texas Water Code related to the regulation of groundwater. The bill would allow an affected person to petition a groundwater conservation district (GCD) to contract with the State Office of Administrative Hearings (SOAH) to conduct a contested case hearing to review the reasonableness of a Desired Future Condition (DFC) adopted by a GCD. Texas Water Development Board (TWDB) would conduct an administrative review of a petition submitted by a GCD and perform a scientific and technical study of the desired future conditions according to various listed criteria. The results of the study would be delivered to SOAH within 120 days of TWDB receipt of the petition. The district receiving a petition would have 60 days to contract with SOAH to conduct a contested case hearing and submit copies of the petition to SOAH. TWDB would make available relevant staff as expert witnesses if requested by SOAH or a party to the hearing. Prior to the delivery of the study, a GCD may seek assistance of the Center for Public Policy Dispute Resolution, the TWDB, or another organization to mediate the issues raised in the petition. The bill repeals provisions that currently permit TWDB to resolve the petition. TWDB does not anticipate that duties associated with the bill would result in a significant fiscal impact to the agency. The bill stipulates that Texas Commission on Environmental Quality may not create a GCD in a certain county described in the bill before September 1, 2021.

The annual amount needed by SOAH to conduct contested case hearings is unknown. Although additional cases may be contracted to SOAH from GCDs, it is assumed that SOAH could absorb these additional responsibilities within existing resources. The petitioner shall pay the costs associated with the contract for the hearing, depositing with the GCD an amount sufficient to pay the contract before the hearing begins. After the hearing, SOAH may assess costs to one or more of the parties participating in the hearing and the GCD shall refund any excess money to the petitioner.

Local Government Impact

There would be costs for petitions contesting desired future conditions, however, the fiscal impact would depend on the number of cases. Panhandle Groundwater Conservation District reported a total cost of \$250,000 for a contested hearing. Central Texas Groundwater Conservation District reported a total cost of \$400,000 including three additional staff and consultants. Southeast Texas Groundwater Conservation District reported a total cost of \$30,000 to comply with the petition

requirements. Rusk County Groundwater Conservation District reported a total cost of \$200,000 to comply with the petition requirements.

Source Agencies: 360 State Office of Administrative Hearings, 580 Water Development

Board, 582 Commission on Environmental Quality

LBB Staff: UP, KVe, SZ, JJ, PM

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 8, 2015

TO: Honorable Charles Perry, Chair, Senate Committee on Agriculture, Water & Rural Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB200 by Keffer (Relating to the regulation of groundwater.), As Engrossed

No significant fiscal implication to the State is anticipated.

The bill would amend various sections of Chapter 36 of the Texas Water Code related to the regulation of groundwater. The bill would allow an affected person to petition a groundwater conservation district (GCD) to contract with the State Office of Administrative Hearings (SOAH) to conduct a contested case hearing to review the reasonableness of a Desired Future Condition (DFC) adopted by a GCD. Texas Water Development Board (TWDB) would conduct an administrative review of a petition submitted by a GCD and perform a scientific and technical study of the desired future conditions according to various listed criteria. The results of the study would be delivered to SOAH within 120 days of TWDB receipt of the petition. The district receiving a petition would have 60 days to contract with SOAH to conduct a contested case hearing and submit copies of the petition to SOAH. TWDB would make available relevant staff as expert witnesses if requested by SOAH or a party to the hearing. Prior to the delivery of the study, a GCD may seek assistance of the Center for Public Policy Dispute Resolution, the TWDB, or another organization to mediate the issues raised in the petition. The bill repeals provisions that currently permit TWDB to resolve the petition. TWDB does not anticipate that duties associated with the bill would result in a significant fiscal impact to the agency.

The annual amount needed by SOAH to conduct contested case hearings is unknown. Although additional cases may be contracted to SOAH from GCDs, it is assumed that SOAH could absorb these additional responsibilities within existing resources. The petitioner shall pay the costs associated with the contract for the hearing, depositing with the GCD an amount sufficient to pay the contract before the hearing begins. After the hearing, SOAH may assess costs to one or more of the parties participating in the hearing and the GCD shall refund any excess money to the petitioner.

Local Government Impact

There would be costs for petitions contesting desired future conditions, however, the fiscal impact would depend on the number of cases. Panhandle Groundwater Conservation District reported a total cost of \$250,000 for a contested hearing. Central Texas Groundwater Conservation District reported a total cost of \$400,000 including three additional staff and consultants. Southeast Texas Groundwater Conservation District reported a total cost of \$30,000 to comply with the petition requirements. Rusk County Groundwater Conservation District reported a total cost of \$200,000 to comply with the petition requirements.

Source Agencies:

360 State Office of Administrative Hearings, 580 Water Development Board, 582 Commission on Environmental Quality

LBB Staff: UP, KVe, SZ, JJ, PM

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 18, 2015

TO: Honorable Jim Keffer, Chair, House Committee on Natural Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB200 by Keffer (relating to the regulation of groundwater.), Committee Report 1st

House, Substituted

No significant fiscal implication to the State is anticipated.

The bill would amend various sections of Chapter 36 of the Texas Water Code related to the regulation of groundwater. The bill would allow an affected person to petition a groundwater conservation district (GCD) to contract with the State Office of Administrative Hearings (SOAH) to conduct a contested case hearing to review the reasonableness of a Desired Future Condition (DFC) adopted by a GCD. Texas Water Development Board (TWDB) would conduct an administrative review of a petition submitted by a GCD and perform a scientific and technical study of the desired future conditions according to various listed criteria. The results of the study would be delivered to SOAH within 120 days of TWDB receipt of the petition. The district receiving a petition would have 60 days to contract with SOAH to conduct a contested case hearing and submit copies of the petition to SOAH. TWDB would make available relevant staff as expert witnesses if requested by SOAH or a party to the hearing. Prior to the delivery of the study, a GCD may seek assistance of the Center for Public Policy Dispute Resolution, the TWDB, or another organization to mediate the issues raised in the petition. The bill repeals provisions that currently permit TWDB to resolve the petition. TWDB does not anticipate that duties associated with the bill would result in a significant fiscal impact to the agency.

The annual amount needed by SOAH to conduct contested case hearings is unknown. Although additional cases may be contracted to SOAH from GCDs, it is assumed that SOAH could absorb these additional responsibilities within existing resources. The petitioner shall pay the costs associated with the contract for the hearing, depositing with the GCD an amount sufficient to pay the contract before the hearing begins. After the hearing, SOAH may assess costs to one or more of the parties participating in the hearing and the GCD shall refund any excess money to the petitioner.

Local Government Impact

There would be costs for petitions contesting desired future conditions, however, the fiscal impact would depend on the number of cases. Panhandle Groundwater Conservation District reported a total cost of \$250,000 for a contested hearing. Central Texas Groundwater Conservation District reported a total cost of \$400,000 including three additional staff and consultants. Southeast Texas Groundwater Conservation District reported a total cost of \$30,000 to comply with the petition requirements. Rusk County Groundwater Conservation District reported a total cost of \$200,000

to comply with the petition requirements.

Source Agencies: 360 State Office of Administrative Hearings, 580 Water Development

Board, 582 Commission on Environmental Quality

LBB Staff: UP, KVe, SZ, JJ, PM

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 24, 2015

TO: Honorable Jim Keffer, Chair, House Committee on Natural Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB200 by Keffer (Relating to the regulation of groundwater.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB200, As Introduced: a negative impact of (\$316,878) through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-----------------|---|
| 2016 | (\$161,109) |
| 2017 | (\$155,769) |
| 2018 | (\$155,769) (\$155,769) |
| 2019 | (\$155,769) |
| 2020 | (\$155,769) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from General Revenue Fund 1 | Change in Number of State Employees from FY 2015 |
|-------------|---|---|
| 2016 | (\$161,109) | 2.0 |
| 2017 | (\$155,769) | 2.0 |
| 2018 | (\$155,769) | 2.0 |
| 2019 | (\$155,769) | 2.0 |
| 2020 | (\$155,769) | 2.0 |

Fiscal Analysis

The bill would amend various sections of Chapter 36 of the Texas Water Code related to the regulation of groundwater.

The bill would allow affected persons to petition Texas Water Development Board (TWDB) to contract with the State Office of Administrative Hearings (SOAH) to conduct a contested case hearing to review the reasonableness of a Desired Future Condition (DFC) adopted by a groundwater conservation district (GCD). An administrative law judge with SOAH would conduct the DFC hearing and prepare a proposal for decision for TWDB, which would decide the dispute. The bill would authorize TWDB's final order to be appealed to the Travis County district court. The bill repeals provisions that currently permit TWDB to resolve the petition.

The bill includes TWDB in the appeal process for permit application decisions made by GCDs. The bill would allow a permit applicant to appeal a decision by a GCD on a permit application by filing a petition with the TWDB. The GCD would review TWDB's findings and recommendations, reconsider action, and then issue a final order. The applicant could appeal the final decision by filing suit against the district.

The bill would take effect September 1, 2015.

Methodology

The annual amount needed for the contract with SOAH for contested case hearings is unknown. Although additional cases may be referred to SOAH from TWDB, it is assumed that SOAH could absorb these additional responsibilities within existing resources. SOAH's costs would be reimbursed through an interagency contract with TWDB. TWDB would need to develop rules to address the receipt of payments from the petitioners that would be used to pay for the SOAH contract.

TWDB would have additional costs to hold hearings for permits that were denied by GCDs and to provide technical analyses necessary for the evaluation of the issues that led to the denial or modification of the permit application. Based on survey input from GCDs, TWDB anticipates that ten permit hearings and technical analyses would be required each year. TWDB estimates a fiscal impact of \$316,878 in the 2016-17 biennium, which is attributed to two additional FTEs (1.0 Geoscientist II at \$54,761 per year, and 1.0 Attorney I at \$58,573 per year.) Annual operating costs are estimated at \$5,000 for travel, \$6,540 in operating expenses for fiscal year 2016 and \$5,600 in fiscal years 2017 to 2020, and \$260 for a professional license each year. A one-time equipment cost of \$4,400 is anticipated in fiscal year 2016.

Local Government Impact

There may be cost for a contested case hearing, however, no significant fiscal implication to units of local government is anticipated.

Source Agencies: 360 State Office of Administrative Hearings, 580 Water Development

Board, 582 Commission on Environmental Quality

LBB Staff: UP, SZ, JJ, PM, KVe